

<p style="text-align: right;">Page 18</p> <p>1 Q. The people who create those proposals, are they 2 mindful of the actual provisions of policies? 3 A. Yes. 4 Q. And does Jefferson-Pilot train its marketing folks and 5 claims analyst folks about how the policies that are 6 issued are interpreted? 7 A. (No response) 8 Q. There's a long pause in your answer. Is there a 9 reason for that? Did you understand the question? 10 A. I didn't fully understand it, no. Do you want to -- 11 Q. Okay. To me it could go one way or the other. You 12 have a company with a whole bunch of employees, the 13 company sells policies, and either you leave it up to 14 everybody to come to their own understanding of what 15 the policy means -- and hopefully it's the same 16 understanding -- or the company gives direction or 17 provides some education about what the policy says. 18 Which one of those was it at Jefferson-Pilot? 19 A. We would review new policies with the claims analysts 20 and with the underwriting personnel. 21 Q. Who is we? 22 A. Myself primarily for our department. 23 Q. So who would -- for the marketing folks who prepare 24 these proposals, did they obtain any training or 25 education about what the actual policies provide, or</p>	<p style="text-align: right;">Page 20</p> <p>1 policy provides? 2 A. I don't recall one. 3 Q. Are you mindful of a proposal ever having to be 4 scrapped because it was wrong and a new template of a 5 proposal was created for distribution to the agents in 6 the field? 7 A. Not that I recall. 8 Q. Do you receive any retirement income from 9 Jefferson-Pilot? 10 A. Yes. 11 Q. Still today? 12 A. Yes. 13 Q. Have you ever spoken to anyone at Disability 14 Management Services? 15 A. No. 16 Q. Do you know what company that is that I refer to? 17 A. No. 18 Q. Are you mindful from speaking to counsel or anyone 19 else that they were engaged to administer claims on 20 behalf of Jefferson-Pilot? 21 A. I was advised of that, yes. 22 Q. Okay. But you've never spoken to anybody there? 23 A. No. 24 Q. And you're not aware of them being engaged to assist 25 in the administration of any claims prior to your</p>
<p style="text-align: right;">Page 19</p> <p>1 if a new marketing person was hired on a given day, to 2 create a proposal, was he or she just supposed to come 3 up with their own understanding of what the policy 4 means? 5 A. Proposals were standardized. I think they were on 6 some type disk. I don't remember, fully remember the 7 process. 8 Q. So the head of the Marketing Department with input 9 from someone in Actuarial and Legal would create the 10 proposal? 11 A. I think that's correct. 12 Q. Okay. The company just didn't leave to each 13 employee's own determination what the policy says or 14 means; the company provided education and training to 15 its employees about what the policies say or provide, 16 right? 17 A. Correct. 18 Q. Okay. And based on that education and training and 19 input from other departments, the persons responsible 20 for developing the proposals would create those 21 proposals, and I guess you suggested there was some 22 kind of template form of a proposal that was blessed 23 by the company; is that right? 24 A. Yes. 25 Q. Did you ever see a proposal that misstated what the</p>	<p style="text-align: right;">Page 21</p> <p>1 retirement? 2 A. They were not, I can tell you that, no. 3 Q. Okay. Do you know when it was that Jefferson-Pilot 4 made the business decision to stop selling disability 5 insurance policies? 6 A. Well, the line was discontinued I think July 1, 1996, 7 and the decision would have been made sometime prior 8 to that. As I said before, it's a management 9 decision, or I should say it was a management 10 decision, not is a management. 11 Q. Was Clyde Honaker employed by the company when you 12 retired? 13 A. I don't recall. 14 Q. He was an employee of the company at some point, 15 though, right? 16 A. He was with Kentucky Central, who was purchased by 17 Jefferson-Pilot. He subsequently came to Greensboro 18 to head up the Ordinary Claims Department. I only met 19 Clyde for a short period after I retired, so I don't 20 recall when he came here. 21 Q. He arrived in Greensboro after you retired; is that 22 what you're saying? 23 A. As far as I know. 24 Q. Okay. What's ordinary claims refer to? What's that 25 nomenclature mean?</p>

6 (Pages 18 to 21)

Page 50	Page 52
<p>1 A. Yes.</p> <p>2 Q. You then went to the effort of engaging on behalf of</p> <p>3 the company Callaghan &amp; Nawrocki?</p> <p>4 A. That's correct.</p> <p>5 Q. Callaghan &amp; Nawrocki is a CPA firm located in New York</p> <p>6 that specializes in work for disability insurance</p> <p>7 companies; isn't that correct?</p> <p>8 A. I think that's correct.</p> <p>9 Q. You used them on several occasions during your</p> <p>10 employment at Jefferson-Pilot?</p> <p>11 A. I don't recall ever having used them before.</p> <p>12 Q. How do you know that they specialize in disability</p> <p>13 insurance matters?</p> <p>14 A. I was told that by a reinsurer, I believe.</p> <p>15 Q. Okay. Prior to their engagement for Mr. Kearney's</p> <p>16 claim?</p> <p>17 A. Yes.</p> <p>18 Q. Who was the reinsurer that told you that?</p> <p>19 A. It was Employers Reinsurance Corporation.</p> <p>20 Q. Who at Employers Reinsurance would have told you that?</p> <p>21 A. I don't recall.</p> <p>22 Q. Is there any memorialization of your communications</p> <p>23 with Employers Reinsurance that's in the claim file?</p> <p>24 A. Not that I recall.</p> <p>25 Q. Why would you not put that in the claim file?</p>	<p>1 and audit his financial records is not of significance</p> <p>2 to the claimant?</p> <p>3 MR. ELLIS: Objection to form.</p> <p>4 A. He would have been contacted --</p> <p>5 Q. But your communication with Employers Reinsurance</p> <p>6 about initiating that investigation, why is that not</p> <p>7 in the claim file?</p> <p>8 A. I don't recall what type communications. It may have</p> <p>9 been just a general question and I don't recall</p> <p>10 specifically discussing this other than I know that</p> <p>11 from -- we got this name from Employers Reinsurance</p> <p>12 Corporation. It may have been mentioned just in</p> <p>13 general for processing the residual claims of</p> <p>14 independent employees. I don't know that we</p> <p>15 specifically mentioned Mr. Kearney with them or not.</p> <p>16 Q. That's directly contradictory to what you just told me</p> <p>17 five minutes ago. You told me five minutes ago that</p> <p>18 you hired Callaghan &amp; Nawrocki for the first time ever</p> <p>19 on Mr. Kearney's claim at the instruction or on the</p> <p>20 counsel or some contact of Employers Reinsurance.</p> <p>21 MR. ELLIS: Objection.</p> <p>22 Q. Wasn't that your testimony just a few minutes ago,</p> <p>23 sir?</p> <p>24 A. I don't see where that conflicts with what I said here</p> <p>25 in that I may or may not have mentioned his name</p>
Page 51	Page 53
<p>1 A. I don't know that it was of any significance.</p> <p>2 Q. Aren't you supposed to document everything you do on a</p> <p>3 claim and put it in the claim file?</p> <p>4 A. Yes.</p> <p>5 Q. Why did you not do that when you spoke to Employers</p> <p>6 Reinsurance about your interest in investigating Mr.</p> <p>7 Kearney through Callaghan &amp; Nawrocki?</p> <p>8 A. I said as far as I know, I don't recall having put</p> <p>9 anything in there, other than we got the letter saying</p> <p>10 that we did it.</p> <p>11 Q. Isn't it as a matter of protocol required that you</p> <p>12 document that type of communication in Mr. Kearney's</p> <p>13 claim file?</p> <p>14 A. Not necessarily, no.</p> <p>15 Q. Why would you not -- why is it not appropriate to</p> <p>16 document communication you had about your desire to</p> <p>17 investigate a claimant? Why is that not appropriate</p> <p>18 for putting in the claim file?</p> <p>19 A. It may be of no significance.</p> <p>20 Q. To whom?</p> <p>21 A. To anybody.</p> <p>22 Q. The fact that a claimant has provided you with his tax</p> <p>23 returns and then you want to have him investigated by</p> <p>24 a firm that specializes on behalf of insurance</p> <p>25 companies in disability matters to investigate further</p>	<p>1 specifically, but yes, that was -- the information</p> <p>2 that they gave us was the reason or -- the reason I</p> <p>3 used them is because they gave me that information on</p> <p>4 this time of claim.</p> <p>5 Q. Who performed the Equifax activities check and why is</p> <p>6 it not in the claim file?</p> <p>7 A. I have no idea.</p> <p>8 Q. You see that you sent him an Equifax activities check?</p> <p>9 I think you're ahead of me, sir. I'm on the November</p> <p>10 15, '96 fax transmittal cover sheet to Ernie Smith.</p> <p>11 A. Now, what's your question again?</p> <p>12 Q. Who obtained the Equifax report?</p> <p>13 A. Who in our office requested it?</p> <p>14 Q. I don't know if it was in your office or some third</p> <p>15 party.</p> <p>16 A. Well, we would have requested it. One of the claims</p> <p>17 analysts would have requested it.</p> <p>18 Q. Why is that not documented in the claim file and why</p> <p>19 is the Equifax report not in the claim file?</p> <p>20 A. I don't know that it's not.</p> <p>21 Q. It's not in the one that was given to me.</p> <p>22 A. I don't know.</p> <p>23 Q. Should it be in there?</p> <p>24 A. Any report that Equifax gave us should be in the claim</p> <p>25 file.</p>

14 (Pages 50 to 53)